



STATE OF ALABAMA
ALABAMA PUBLIC SERVICE COMMISSION
P.O. BOX 991
MONTGOMERY, ALABAMA 36101-0991

September 27, 2000

JIM SULLIVAN, PRESIDENT
JAN COOK, ASSOCIATE COMMISSIONER
GEORGE C. WALLACE, JR., ASSOCIATE COMMISSIONER

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WALTER L. THOMAS, JR.
SECRETARY

DOCKET FILE COPY ORIGINAL

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
Office of the Secretary 445 12th Street, SW
Room TW-204B
Washington, D.C. 20554

Re: CC Docket No. 96-45 - Certification pursuant to 47 C.F.R. §54.313

Dear Secretary Salas:

Pursuant to the requirements of 47 C.F.R. §54.313, the Alabama Public Service Commission (the "APSC") hereby certifies to the Federal Communications Commission (the "Commission") that all federal high-cost funds flowing to Alabama non-rural local exchange carriers BellSouth Telecommunications, Inc. (BellSouth) and Verizon South, Inc., f/k/a GTE South, Incorporated and Contel of the South, Inc., d/b/a Verizon Midstates (collectively Verizon) for the year commencing January 1, 2001, and ending December 31, 2001, will be utilized in a manner consistent with §254(e) of the Telecommunications Act of 1996. As required by §254(e), BellSouth and Verizon will only utilize the federal high-cost support for which they are eligible in the year 2001 for the provision, maintenance and upgrading of facilities and services for which that support is intended.

BellSouth and Verizon are the only non-rural local exchange carriers in Alabama who are currently eligible to receive federal high-cost support for the year 2001. No other providers are certified by the APSC as Eligible Telecommunications Carriers for the Alabama service territories of BellSouth and Verizon.

The representations and certification herein provided are largely the product of informal proceedings conducted before the APSC in Docket 25980. A copy of the APSC's September 27, 2000, Order approving and certifying the BellSouth and Verizon proposals and delineating their intended utilization of the federal high cost support for which they are eligible in the year 2001 is enclosed herein.

No. of Copies rec'd 0
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Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
September 27, 2000
Page Two

The APSC thanks the Commission for its diligence and cooperation in this matter. Please date stamp the extra copy of this filing and return it to the APSC in the enclosed, stamped, self-addressed envelope.

Sincerely,

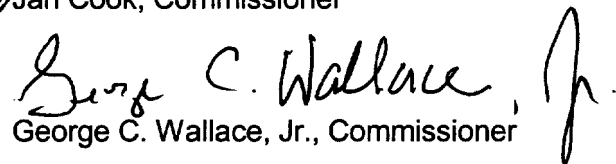
ALABAMA PUBLIC SERVICE COMMISSION



Jim Sullivan, President



Jan Cook, Commissioner



George C. Wallace, Jr., Commissioner

JS/JC/GCWjr:klr
Enclosures (3)
By FedEx Priority Overnight
c: Administrator
Universal Service Administrative Company
100 South Jefferson Road
Whippany, New Jersey 07981



JIM SULLIVAN, PRESIDENT
JAN COOK, ASSOCIATE COMMISSIONER
GEORGE C. WALLACE, JR., ASSOCIATE COMMISSIONER

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WALTER L. THOMAS, JR.
SECRETARY

IN RE: IMPLEMENTATION OF THE
UNIVERSAL SERVICE REQUIREMENTS
OF SECTION 254 OF THE
TELECOMMUNICATIONS ACT OF 1996.

DOCKET 25980

(CERTIFICATION OF NON-RURAL
CARRIERS RECEIVING FEDERAL
HIGH-COST SUPPORT)

FURTHER REPORT AND ORDER

BY THE COMMISSION:

I. Introduction and Background

By Order entered in this cause on March 24, 2000, the Commission concluded that the proposals of BellSouth Telecommunications, Inc. (BellSouth) and Verizon South, Inc., f/k/a GTE South, Incorporated and Contel of the South, Inc., d/b/a Verizon Midstates (collectively Verizon) which delineated each company's intended utilization of the federal high-cost universal service support for which they were eligible during the year 2000 were compliant with the provisions of §254(e) of the Telecommunications Act of 1996.¹ Said Order required BellSouth and Verizon to file a report with the Commission within thirty (30) days of the close of each calendar quarter which delineates the status of each project approved in the Commission's March 24, 2000 Order and the level of universal service funding expended on said projects.

The Commission's March 24, 2000 Order further required BellSouth and Verizon to file their respective proposals for the utilization of federal high-cost universal service support for which they were determined to be eligible for in the year 2001 no later than July 5, 2000. The Commission noted that interested parties would be allowed to submit comments in response to those filings no later than July 21, 2000. The Commission also indicated that reply comments would be considered by the Commission if received on or before August 4, 2000.

¹ Pub. L. No. 104-104, 110 Stat. 56 codified at 47 U.S.C. §151 *et seq.* (hereinafter "the Act"). Cites to sections of the Act are accordingly cites to 47 U.S.C.

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By filing of July 5, 2000, BellSouth submitted its proposal for the utilization of the federal high-cost universal service support for which it is eligible in the year 2001. On July 12, 2000, Verizon notified the Commission that it had been delayed in making its 2001 universal service funding utilization report to the Commission, but was in the process of developing that report and would file same as quickly as possible. Verizon indeed filed its plan detailing the use of the federal high-cost universal service support for which it is eligible in the year 2001 on July 21, 2000.

II. The 2001 Plan of BellSouth

BellSouth premised its July 5, 2000 report to the Commission on the assumption that it would receive federal high-cost universal service support which approximated the \$31.7 million allocated for the year 2000. BellSouth indicated that its proposal for 2001 reflected \$28.9 million for network improvements with the remaining \$2.8 million being applied to fund the annual value of the access charge reduction ordered in the Commission's March 24, 2000 Order in this cause. BellSouth's proposal for the year 2001 is attached hereto as Appendix A.

The Commission did not receive any comments concerning BellSouth's July 5, 2000 filing. A summary of the major elements of BellSouth's filing are set forth below:

- Deploy Loop Fiber and Next Generation Digital Loop Carrier to Implement CSA Design: 2001 - \$21.6M
- Replace Non-Compliant Switches DMS10s & DCOs: 2001 - \$2.3M
- Complete Self-Healing Interoffice Diversity: 2001 - \$2.0M
- Deploy Self-Healing Diversity Between BellSouth and GTE: 2001 - \$.3M
- Deploy ISDN/PRI in USF Wire Centers: 2001 - \$1.0M
- Improve Testability, Surveillance & Replace Technology that Limits Service Delivery: 2001 - \$1.7M

III. The 2001 Plan of Verizon

The July 21, 2000 proposal of Verizon assumed the availability of approximately \$19,997,000 of federal high-cost universal service support for 2001 and is attached hereto as Appendix B. Verizon proposes specific infrastructure improvements of over \$12.2 million with approximately \$7.75 million of the funding going to support current intrastate rate levels. The

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Commission did not receive any comments concerning Verizon's July 21, 2000 filing. The specific infrastructure improvements proposed by Verizon for 2001 are noted below:

- Interoffice Facilities Routes: 2001 - \$4,116,878
- Buried Air Core Cable Replacement: 2001 - \$2,471,846
- Fiber to Remotes: 2001 - \$1,137,641
- Replace Multi-Mode Fiber: 2001 - \$1,414,904
- CNID Card Replacement: 2001 - \$1,110,950
- Deployment of Technicians to Rural Areas: 2001 - \$1,116,152
- Technology Upgrade to Pell City/Trussville: 2001 - \$879,000

IV. The Recommendations of Staff

The Commission Staff advises that it has, in conjunction with BellSouth, been able to establish auditing procedures to closely track the project specific expenditures of the federal high-cost universal service support which BellSouth is in a position to receive for year 2001 and beyond. Through those procedures and the quarterly reporting requirement implemented in the Commission's March 24, 2000 Order, the staff indicates that it is in a position to appropriately monitor BellSouth's expenditure of federal high-cost universal service support and make any adjustments required, including those associated with fluctuation in the amount of funding actually received. Given the fact that BellSouth's proposal for the expenditure of the 2001 federal high-cost universal service support they are scheduled to receive is consistent with the long range plans for the expenditures of that funding which were submitted to the Commission by BellSouth in its year 2000 proposal and approved by the Commission in its March 24, 2000 Order, the staff recommends that BellSouth's proposal for the expenditure of year 2001 universal service funding be certified as compliant with §254(e) of the Act.

With regard to Verizon, the staff notes that it is still in the process of establishing the auditing and reporting procedures which will allow for the tracking of Verizon's expenditure of the federal high-cost universal service support for which it is eligible. The staff indicates, however, that it anticipates that such procedures will be in place shortly following further consultation with

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representatives of Verizon. The staff accordingly recommends its general approval of the proposal submitted by Verizon for the expenditure of 2001 federal high-cost universal service support.

In conclusion, the staff recommends approval of the plans submitted by both BellSouth and Verizon regarding the expenditure of the 2001 federal high-cost universal service support for which each company is eligible. The staff recommends, however, that said approval be made contingent upon satisfactory results from the Commission's ongoing review of the project specific expenditures of BellSouth and Verizon. The staff in fact recommends the inclusion of a provision in this Order of approval specifying that the Commission reserves the right to conduct whatever proceedings may be necessary to determine if the funding in question should be redirected to other qualifying projects. The staff indicates that such a provision is entirely consistent with the Commission's responsibility of certifying the compliance of the BellSouth and Verizon proposals with §254(e) of the Act.

V. Discussion and Conclusions

We hereby adopt the recommendations of staff and approve the proposals submitted by BellSouth and Verizon for the expenditure of the federal high-cost universal service support for which each company is eligible in the year 2001. We will certify to the FCC that both plans are compliant with the provisions of §254(e) of the Act. We specifically note, however, that our approval herein is contingent upon the staff's continued monitoring of the implementation of the BellSouth and Verizon plans. The Commission specifically reserves the right to conduct whatever proceedings may be necessary to determine if the funding in question should be redirected to other qualifying projects as required by the Commission.

We specifically note that the \$.0025 terminating switched access charge reduction approved in our Order of March 24, 2000 is hereby carried forward for 2001. BellSouth is accordingly authorized to expend \$2.8 million of the federal high-cost universal service support it is scheduled to receive in 2001 to support that continued reduction. We further find that in the event that intrastate

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switched access charges in Alabama are reduced in the context of the Commission's Local Competition proceedings in Joint Dockets 24499, 24472, 24030 and 23865 prior to the end of 2001, BellSouth will be allowed to reallocate to its infrastructure construction budgets approved herein all funds required to implement the \$.0025 terminating switched access charge reduction which is carried forward by this Order. We find such a result to be consistent with the public interest, convenience and necessity.

IT IS, THEREFORE, ORDERED BY THE COMMISSION, That the July 5, 2000 proposal of BellSouth Telecommunications, Inc. delineating the company's intended utilization of the federal high-cost universal service support for which it is eligible during the year 2001 is hereby approved and certified as compliant with the provisions of §254(e) of the Telecommunications Act of 1996.

IT IS FURTHER ORDERED BY THE COMMISSION , That the July 21, 2000 proposal of Verizon South, Inc., f/k/a GTE South, Inc. and Contel of the South, Inc., d/b/a Verizon Midstates delineating the company's intended utilization of the forward looking federal high-cost support for which it is eligible during the year 2001 is hereby approved and certified as compliant with the provisions of §254(e) of the Telecommunications Act of 1996.

IT IS FURTHER ORDERED BY THE COMMISSION, That the approval and certifications addressed herein shall be contingent upon satisfactory results from the Commission's ongoing review of the project specific expenditures of BellSouth and Verizon. The Commission specifically reserves the right to conduct whatever proceedings may be deemed necessary to determine if the universal service funding received by BellSouth and GTE should be redirected by the Commission to other qualifying projects. To that end, BellSouth and Verizon shall continue to submit to the Commission, within thirty (30) days of the close of each calendar quarter, a report delineating the status of each project approved herein to receive federal high-cost universal service support and the level of funding expended on said projects.

IT IS FURTHER ORDERED BY THE COMMISSION, That BellSouth Telecommunications, Inc. and Verizon shall file their proposals for the utilization

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of federal high-cost universal service support for which they are eligible in the year 2002 no later than May 18, 2001. Interested parties may submit comments and response to those filings no later than June 1, 2001. Reply comments will be considered by the Commission if received on or before June 15, 2001.

IT IS FURTHER ORDERED BY THE COMMISSION, That jurisdiction in this cause is hereby retained for the issuance of any further order or orders as may appear to be just and reasonable in the premises.

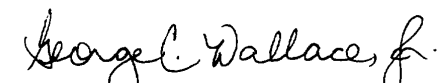
IT IS FURTHER ORDERED, That this Order shall be effective as of the date hereof.

DONE at Montgomery, Alabama, this 27th day of September, 2000.

ALABAMA PUBLIC SERVICE COMMISSION


Jim Sullivan, President


Jan Cook, Commissioner


George C. Wallace, Jr., Commissioner

ATTEST: A True Copy



Walter L. Thomas, Jr., Secretary

APPENDIX A



BellSouth Telecommunications, Inc.
3196 Highway 280 South
Suite 302N
Birmingham, AL 35243

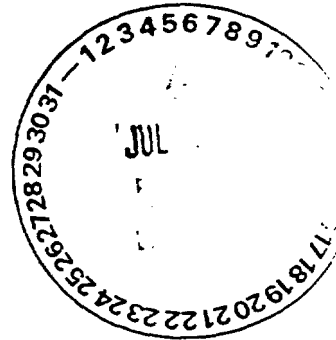
C. Wayne Hutchens
Vice President
Regulatory & Legislative Affairs

205 972-2559

June 23, 2000

APSC

Mr. Walter L. Thomas, Jr.
Secretary
Alabama Public Service Commission
Post Office Box 991
Montgomery, Alabama 36101-0991



Dear Mr. Thomas:

Pursuant to Commission order dated March 24, 2000, Docket No. 25980, attached is BellSouth's proposal for the utilization of the federal high-cost universal service support for the year 2001. It is anticipated that the support level will be equal to the \$31.7M allocated for year 2000. The proposal reflects \$28.9M for network improvements with the remaining \$2.8M used to fund the annual value of the access charge reduction made on July 1, 2000.

Sincerely,

C. Wayne Hutchens

Attachment

Deploy Loop Fiber and Next Generation Digital Loop Carrier to Implement CSA Design: 2001 - \$21.6M

The implementation of Carrier Serving Areas (CSAs) will provide improved service to the customer and will provide a means of delivering enhanced services not available over a totally copper network.

The goal of the CSA concept is to sectionalize areas of a wire center beyond twelve thousand feet from the serving central office into discrete geographical units so those customers within the CSA can be provided digital services over an unrepeated facility by utilizing digital loop carrier.

Service improvements are obtained through the deployment of digital loop carrier in the CSA. Customers working over digital loop carrier facilities do not experience the transmission problems caused by metallic influences that are inherent of long copper facilities. Data transmission speeds are improved for services offered over digital loop carrier as opposed to long copper facilities.

BellSouth proposes to continue to deploy fiber and Next Generation Digital Loop Carrier (NGDLC) in the USF wire centers to implement the CSA architecture. The 2001 plan calls for spending \$21.6M on this item.

Replace Non-Compliant Switches DMS10s & DCOs: 2001 - \$2.3M

There are eight Siemens Stromberg-Carlson DCO, RNS, and RLS switches, and three Nortel DMS10 switches remaining in BellSouth's Alabama network. Replacement of these "non-compliant" switches with compliant digital switches/remotes will permit BellSouth to provide the full spectrum of digital services available today and those planned for the future to the rural areas served by BellSouth in Alabama. "Non-Compliant" means, in some cases, on the existing switches the vendor has not developed a capability on the switch, such as per use calling and Basic and Primary Rate ISDN in the DCO family of products, as well as, Advanced Intelligent Network (AIN) capability in both the DCO family and the DMS10's. In other cases, "Non-Compliant" means there is a significant cost barrier to overcome in equipping the switch to provide a service. Siemens does not plan to develop future services on the Stromberg-Carlson platform. Nortel's evolution plan for the DMS10 requires a processor replacement along with other hardware upgrades to provide future digital services.

BellSouth proposes to continue to replace all of the non-compliant switches with digital remotes over the next three years (2001 - 2003) at an estimated cost of \$8.9M. Replacement switches include the Lucent 5ESS family of remotes and the Nortel DMS100 family of remotes. These replacements will provide new services capabilities currently available in the larger wire centers and metropolitan areas (Per Use Feature Calling, ISDN, Message Waiting Indication Service, and Advanced Intelligent Network services) to the smaller wire centers in rural Alabama. The wire centers covered under this recommendation are:

Stevenson
York
Citronelle
Parrish

Eutaw
Livingston
Leighton
Tuskegee

Boligee
Bridgeport
Carbon Hill

Complete Self-Healing Interoffice Diversity: 2001 - \$2.0M

Sixteen of the BellSouth wire centers impacted by the FCC's Universal Service Order currently are connected to the rest of the BellSouth network via a single path. Customers in these wire centers are isolated from the rest of the world when this single cable is cut. This cable carries not only voice, but also data about the customers' address and emergency information used during an E911 call. Certain advanced signaling and switching features are also disabled during this cable failure. The wire centers included in this proposal are remote switches with the exception of Citronelle, Carbon Hill and Stevenson. Under the "Replace Non-Compliant Switches" proposal both switches will become remote digital switches.

BellSouth proposes to continue to deploy a second, diverse fiber route from each wire center and SONET self-healing ring electronics to improve the reliability of the interoffice facilities. The 2001 program will cost approximately \$2.0M. The wire centers included in this proposal are:

Greensboro	Citronelle	Ohatchee
Linden	Ft. Mitchell	Renfro
Thomasville	Ft. Deposit	Stevenson
Bridgeport	Gurley	Fairview
Belle Fountaine	Lexington	Carbon Hill
Marion		

Deploy Self-Healing Diversity Between BellSouth and GTE: 2001 - \$.3M

Approximately 11% of the customers in Alabama are provided local service by GTE. BellSouth and GTE jointly plan and provision facilities between these areas into a seamless network for the customers. All traffic, both local (Area Plus) and intra-LATA toll, between these areas is currently subject to failure due to a single cable cut.

BellSouth proposes to build a second fiber path, where required, to meet GTE in the locations listed below and deploy shared SONET self-healing ring electronics to protect service between the two companies. Fiber and electronics would be deployed over a three-year period at an estimated cost of \$.9M. Timing of the implementation of the individual projects will be coordinated with GTE. The locations included in this proposal are:

Winfield- Carbon Hill
Pell City – Oak Mountain
Heflin –Ashland -Talladega
Fowl River – Belle Fountaine

Deploy ISDN/PRI in USF Wire Centers 2001 - \$1M

Many of the USF-designated wire centers provide ISDN service through an Alternate Network Service Arrangement (ANSA). ANSA provides ISDN from a distant wire center with no charge for the facility cost between wire centers. Customers are required to change their telephone number under this arrangement when they purchase ISDN service, however. This is a hardship for many small businesses. Deploying ISDN in the serving wire center will allow the customer to retain the existing telephone number.

BellSouth proposes to deploy ISDN/PRI beginning in 2001 in the wire centers listed below to eliminate the requirement for a telephone number change for ISDN service. The deployment in the eighteen wire centers will also provide ISDN to the seventeen remote switches that work off the host wire center switches. The estimated cost of this proposal is \$3M to be implemented over three years.

<u>Wire Center</u>	<u>Remote Wire Center(s)</u>
Alabaster*	Calera, Columbiana
Albertville	Guntersville
Anniston-Lenlock	Ohatchee
Boaz	
Clanton	
Demopolis	Greensboro, Linden, Marion, Uniontown
Gadsden-Hillside	
Gadsden-Rainbow Drive	
Jacksonville	Piedmont
Mobile-Saraland	
Montevallo	
Mobile-Semes	
Moulton	
Prattville	
Russellville	Red Bay
Sheffield*	Lexington, Rogersville, Town Creek
Warrior	Gardendale, Graysville

* Alabaster and Sheffield are being equipped to provide service to the Calera, Columbiana, Lexington, Rogersville and Town Creek wire centers.

Improve Testability, Surveillance & Replace Technology that Limits Service Delivery: 2001 - \$1.7M

BellSouth has put in place remote testing and surveillance systems to evaluate trouble reports or to verify available facilities for a new service before dispatching a technician. Several of the existing systems have been in place for ten or more years and the technology has high maintenance costs and is less accurate than systems available today. BellSouth has been replacing the older testing technology in some of the urban wire centers. BellSouth proposes to replace/upgrade testing and surveillance systems in the USF wire centers in order to improve the Company's ability to monitor the network, to identify troubles earlier, and to analyze the trouble more completely. The result will be better service to the customers in the USF wire centers. Details of the system upgrades and replacements are provided below.

Technology advancements and expanded data and bandwidth demands by such products as high-speed modems and fiber optic transport have been limited by some parts of the BellSouth network. An example is the 56KB trunk interface card existing today on a number of the Nortel DMS switches serving the USF-designated areas. The trunk interface card available today allows for 64KB clear channel transmission. Current modems are unable to provide the maximum design speed if they encounter a trunk circuit equipped with a 56KB interface card. The solution is to replace manufacture discontinued, technology limiting components in the switch and interoffice network in the USF wire centers. Additional details for the replacements are provided below.

The estimated cost to complete the items listed in this proposal is approximately \$8.1M.

SMAS RTS/RTP Replacement

Initial implementation of Switched Maintenance Access System (SMAS) began in Alabama in 1981. The SMAS RTS/RTP frame was rated Manufacture Discontinued (MD) in 1997. The RTS/RTP frame consists of a hand wired backplane containing 55 types of plug-in units. It is expected that the plug-ins will be MDed in the next couple of years.

The ANRITSU 9962, a direct SMAS RTS/RTP replacement, contains printed circuit backplane technology using only 11 types of plug-in units. All electronics are contained within the plug-in units providing simplified maintenance when compared with the SMAS RTS/RTP.

Improve Testability, Surveillance & Replace Technology that Limits Service Delivery (Continued)

Replacement of the SMAS RTS/RTP will position BellSouth to provide quality service through improved testability. Remote testability is especially important in unmanned rural offices, reducing clearing times, and therefore, improving customer service while minimizing labor costs.

SMAS Stage 1 Replacement

The original SMAS Stage 1 network consists of handwired crossbar switch/wire spring relay technology. This technology incurs test access failures due to dirty or worn contacts and adjustment of the crossarms. Both the ANRITSU 9724 and the Lucent Modular Stage 1 network, direct replacements for the crossbar Stage 1, are printed circuit backplane technology which places all electronics on solid state/sealed relay plug-in units. The modular Stage 1 network reduces test access failures and maintenance time in the event a failure occurs.

Replacement of the crossbar SMAS Stage will position BellSouth to provide quality service through improved testability. Remote testability is especially important in unmanned rural offices, reducing clearing times, and therefore, improving customer service while minimizing labor cost.

Replace 56kb Cards in Nortel Switches in USF Area

Twenty-two of the USF wire centers in Alabama contain NT6X50AA (DS1 Trunk) cards that only provide 56KB bandwidth. This reduces the throughput for most high-speed modems. This card, when used for umbilical trunking between a host and remote switch, causes frequent interruptions in the communications if the trunk facility is fiber. Replacement of the NT6X50AA with a NT6X50AB will provide 64KB Clear Channel transmission and also eliminates the host/remote communications problem.

Improve MLT Testability

Mechanized Loop Testing (MLT) system upgrades will enhance the ability of BellSouth to monitor, detect, and resolve customer service troubles. By employing these upgrades the customer will experience better service due to improved reliability of trouble isolation, and minimized false-dispatches. The end result is a reduction in the time required to clear a trouble; thus, the customer's service is restored more quickly. The MLT upgrades also provide expanded remote testing functionality; such as the ability to test ISDN lines, and the ability

to detect potential problem areas using ALIT, which helps to analyze and resolve problems even before they cause a customer service outage.



**GTE Service
Corporation**

2000 Interstate Park Drive
Suite 101
Montgomery, AL 36109

July 21, 2000

Mr. Walter Thomas, Jr., Secretary
Alabama Public Service Commission
P. O. Box 991
Montgomery, AL 36101-0991

RE: Docket 25980 - Certification of Non-Rural Carrier Receiving Federal High-Cost Support

Dear Mr. Thomas:

Attached are an original and ten copies of GTE's 2001 plans detailing the use of high-cost universal service support for which we are eligible and will be utilizing in 2001.

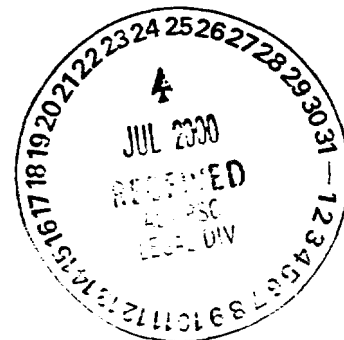
I can be reached at 334/277-1585 should you have any questions regarding this filing.

Sincerely,

Aquilla J. Spring
for William C. Hanchey, Jr.
AVP - Regulatory and Government Affairs

WCHJr:ats

att



GTE Alabama

**Application of Federal Support Towards Infrastructure Improvements
2001**

The specific infrastructure improvements are divided into 7 projects:

	<u>Capital</u>	<u>Expense</u>
(1) Interoffice Facilities Routes	\$4,085,878	\$ 31,000
(2) Buried Air Core Cable Replacement	\$2,445,846	\$ 26,000
(3) Fiber to Remotes	\$1,122,641	\$ 15,000
(4) Replace Multi-Mode Fiber	\$1,374,904	\$ 40,000
(5) CNID Card Placement	\$1,110,950	
(6) Deployment of Technicians to Rural Areas		\$1,116,152
(7) Technology Upgrades Pell City/Trussville	\$ 879,000	
Subtotals	\$11,019,219	\$1,228,152
TOTAL COST	\$12,247,371	

(1) Interoffice Facilities (IOF) Routes:

Interoffice route diversity allows for the re-directing of all voice and data traffic (i.e. message, local, EAS, long distance) to prevent any downtime or call blockage problems due to damaged cable or equipment failures. This builds protection into the network for all voice and data traffic and insures completion of the messages.

The following routes will be targeted for route diversity:

GTE – Other ILEC

Andalusia – Florala (Point to point fiber, not diversity)

Pell City/Trussville – Birmingham

Winfield/Reform – Jasper/Tuscaloosa

Wadley - Roanoke (Point to point fiber, not diversity)

GTE – GTE Routes

Dothan South Ring

Ashland - Heflin

Exchanges that will benefit from this project:

Andalusia	Kinston	Winfield
Dothan	Pell City	Reform
Wicksburg	Lincoln	Lineville
Slocumb	Ashland	Samson
Hartford	Heflin	Chulafinnee
Geneva	Delta	Wadley

GTE Alabama

Application of Federal Support Towards Infrastructure Improvements
2001

(2) Buried Air Core Cable Replacement

Air core cable is old generation, local feeder cable that is not jelly filled. This allows moisture and water to penetrate the cable and cause increased trouble conditions (i.e. bad signaling, unusable cable pairs for local services). This program will replace air core cable with jelly filled cable, which improves local facility conditions by improving transmission quality and facility availability, and reducing trouble reports.

Exchanges to benefit from this project are:

Enterprise	Hamilton
Opp	Irvington

(3) Fiber To Remotes

This program replaces the existing copper facilities with fiber optic cable between several host and remote central offices. This improves the network performance between the host and the remote reducing blocked calls, service outages, as well as providing the capability to introduce new services.

Exchanges to benefit from this project are:

Lincoln	Bayou La Batre
Skyline	Samson
Double Springs	Daleville
Pell City	Kinston

(4) Replace Multi-Mode Fiber With Single Mode

Replacing this Multi-Mode fiber will reduce extended outages resulting from repairing obsolete facilities. The benefits include increased bandwidth, increased reliability and reduced maintenance costs. Replacing this fiber will also support future diverse routing.

The following routes are targeted:

Lecta to Chulafinnee	Ozark to Hwy 123 OPAC
Silligent to Detroit	Midland City to Pinkard

GTE Alabama

**Application of Federal Support Towards Infrastructure Improvements
2001**

(5) CNID Card Placement

Many of the remotes in our rural areas are not 100% CNID capable. Very often this service does not work and requires a dispatch when cards are switched from line to line depending on the request. This initiative will install CNID cards in the majority of our rural remotes where activity is high resulting in improved customer satisfaction.

Exchanges to benefit from this project are:

Wedowee	Ashland	Sulfer Springs
Tallassee	Notasulga	Radar
Grand Bay	Bayou La Batre	Dees

(6) Deployment of Technicians to Rural Areas

Deploy technicians to rural areas to improve service intervals for both installation and repair activities. This initiative will continue to support the technicians deployed under the 2000 plan as well as add two local managers and ten additional technicians.

Exchanges to benefit with this program are:

Abbeville	Banks	Natasulga
Jemison	Reform	Phil Campbell
Haleyville	Elba	Wedowee
Bayou La Batre		

(7) Technology Upgrades for the Pell City Trussville Area

Fiber cable will be placed between Pell City and Trussville (IOF) and equipment installed to establish ADSL and Frame Relay providing broadband services. PRI/BRI will also be made available through this initiative.

William C. Hanchey, Jr.
AVP - Regulatory and Government Affairs



Verizon Services Corp.
2000 Interstate Park Drive, Suite 101
Montgomery, AL 36109

Phone 334.277.1585
Fax 334.277.1067
william.hanchey@verizon.com

September 27, 2000

Walter Thomas, Jr. Secretary
Alabama Public Service Commission
P. O. Box 991
Montgomery, AL 36101-0991

Re: Docket 25980 – Implementation of Universal Service Requirements of Section 254
of the Telecommunications Act of 1996

Dear Mr. Thomas:

On September 11, 2000 the Commission approved Verizon South Inc. and Verizon Mid-States 2001 Universal Service Plan. This plan was filed with the Commission on July 21, 2000 and proposed the use of the "new" high cost universal service support for which Verizon is eligible to receive and will be utilizing in 2001. However, Verizon inadvertently failed to show the "Hold Harmless" amount of funding which should have been identified to show the total federal support to be received by Verizon.

The following is a breakout of total federal support to be received by Verizon:

New Money	-	\$12,247,371
Hold Harmless	-	\$ 7,749,629
Total Federal Support	-	\$19,997,000

Please bring this matter to the attention of the Commission.

If you have any questions please call me at 334/277-1585.

Sincerely,

A handwritten signature in black ink, appearing to read "WCH Jr.", written over a horizontal line.

William C. Hanchey, Jr.

WCHJr/ats